

Financial Considerations in the Dental Corps: Looking at the Numbers for Residency Training



**COL Kay Malone
Chief, Graduate Dental Education
U.S. Army**

March 2007

1

I'd like to provide you with information on how residency training in the Army is not only beneficial in providing top notch quality training, but how there is also financial benefit as well.

The Best-Paying Jobs in America*

| Occupation | <u>Mean</u> Annual Salary | Avg. hr./ week** |
|---|---------------------------|------------------|
| Surgeons | \$177,690 | 63 |
| Anesthesiologists | \$174,240 | 60 |
| Obstetricians, gynecologists | \$171,810 | 57 |
| Internists, general | \$156,550 | 60 |
| Pediatricians, general | \$139,230 | 53 |
| Family, general practitioners | \$140,370 | 54 |
| Psychiatrists | \$146,150 | 46 |
| CEOs | \$134,960 | Varies greatly |
| Dentists, general | \$133,680 | 37.6 |
| 2004 ADA Survey: <u>Mean</u> net income = \$174,350 general dentists, and \$291,250 specialists *May 2005 Bureau of Labor Statistics **AMA, Socioeconomic Characteristics of Medical Practice ² | | |

This chart comes from the Bureau of Labor Statistics and what is interesting, besides the fact that the numbers may be lower than you might expect, is that dentists make more per hour than a surgeon, based on salary/per hour. Dentistry is a great profession. Note that the mean income includes specialists.

A recent ADA survey showed much higher mean salaries for dentists. How can that be? Well, to answer this question take a look at the methodology.

2004 ADA Survey: Mean Net Income \$174,350 for General Dentists, and \$291,250 for Specialists

- The mean age of general practitioners in the 2002 survey was 50.8 years*
 - 55.2 % were 40 to 54 years of age
 - 29.9 % were 55 years of age or older
 - 14.9 % were younger than 40 years of age
- The mean age of specialists in the 2002 survey was 51.3 years*
 - 49.3 % were 40 to 54 years of age
 - 38.3 % were 55 years of age or older
 - 12.4 % were younger than 40 years of age
- Percent of specialists range from 15** to 20**%

*ADA

**Bureau of Labor Statistics

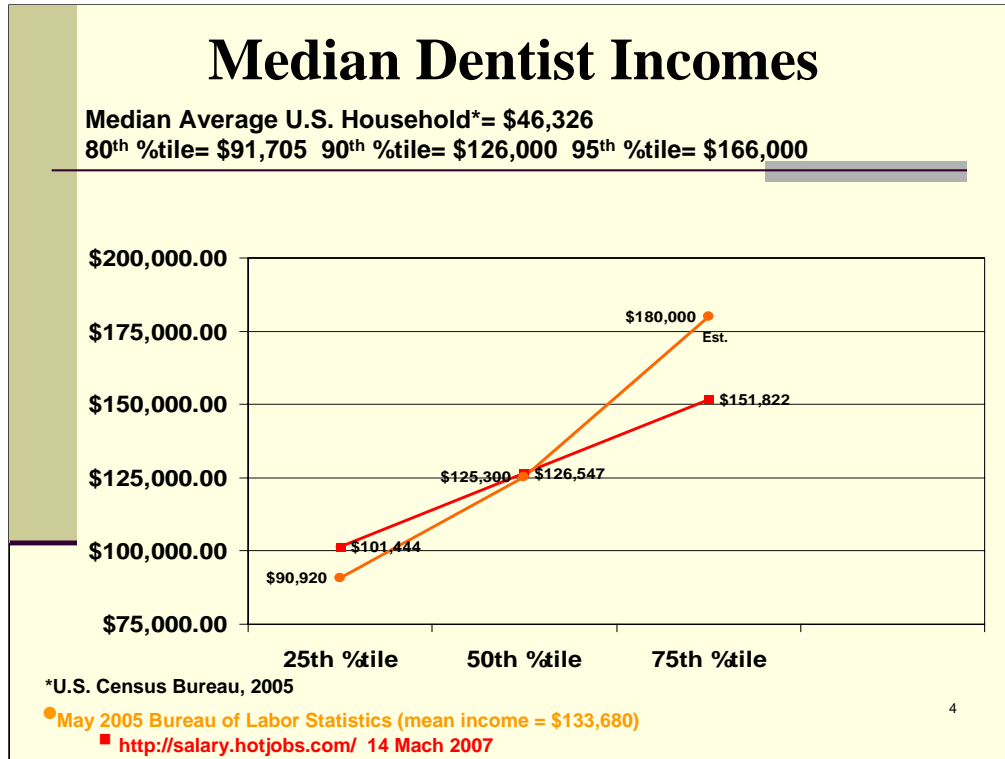
3

First of all, it is important to understand that we are talking about mean income, so that a dentist with a multi-million dollar practice is averaged with the rest of the group. That makes the numbers higher than they should be.

Most important is the age of the respondents. The mean age for general dentist was approximately 51, which should represent the top of their income potential. Note the small number of those under the age of 40. It's no wonder that the income figures are high.

The mean age for specialists was also approximately 51, with less than 13% of respondents under the age of 40.

In spite of this, we know that dentistry is a well-paying profession. You worked hard for your education (and debt), and should be well compensated. The important figures to look at are the median income (that is, what percentile would a given income be in relationship to other dentists); and how does that income relate to the rest of the population.



One thing to remember is that the median income of a household (meaning all incomes in that household) is only \$46,326. Guess what: if your household income (meaning you and your significant other) is more than \$166,000 before taxes, you represent the top 5% of this country! That's hard to believe, but it's true. The mean household income of course is higher, because you have the average Bill Gate's billions and others like him into the figure. Then why is it that some people act like they're in the top 5% of this country? Well, it reminds me of the commercial with the smiling man with debt up to his eyeballs: creative financing, and people living month to month!

How do dentists fit in this mix? Well, the average dentist would be in the top 10% of households, of course not even considering a second household income. The line graphs are based on the Bureau of Labor Statistics and Salary.com. Income varies depending on the location of practice, but this represents the national average. Note that the mean income is approximately \$8,500 higher than the median. As a dentist right out of school, it's hard to expect that you would make more than 50% of all dentists, not even thinking about all the school debt that needs to be paid.

Civilian vs. Military Educational Debt

Average Dental Education Debt, Civilian*

- Total Education Debt: \$145,241
 - Public Dental Schools \$124,700
 - Private Dental Schools \$174,241

Average Dental Education Debt, Army CPT**

- Total Education Debt: \$67,281

• ADEA Survey of Dental School Seniors, 2006
•** Dental Officer Retention Survey, 2006

5

When the question of educational debt was asked, it was immediately apparent that the debt of the average recent graduate in the Dental Corps was less than half that of other graduating dentists. Obviously the HPSP and ROTC scholarships have a lot to do with this.

Now let's talk about the financial benefits of being in the military, and I'll start with post-graduate training.

Cost of AEGD 1-Year Programs

| RESIDENCY | TUITION | STIPEND | "SALARY" |
|--------------------------------|---------------|-----------------|-----------------|
| Civilian AGD* | \$316 | \$33,005 | \$32,689 |
| O-3 with <3 years in service** | \$0.00 | \$72,117 | \$72,117 |

**

Base Pay= \$39,506
 BAS= \$2,313
 BAH (avg.)= \$17,004
"Tax Benefit"= \$6,293
 VSP= \$3,000
DASP= \$4,000
\$72,117

BAH and BAS are exempt from federal/state taxes, and excluded from social security taxes

* ADEA 2003-2004 Survey of Advanced Dental Education⁶

**DFAS

This shows the average tuition and stipend that you would expect from an AGD program compared with that same training in our superb military programs. Your "salary" would be the difference between the two. If you were fortunate enough to be selected for Army AGD training, you would realize double the salary of your civilian counterpart.

Where does the military pay come from? Look to the Army Finance and Accounting website, DFAS.mil. If you add up your base pay, basic allowance for subsistence, average basic housing allowance, tax benefit, Variable Special Pay, and Dental Additional Special Pay, you have over \$72,000. I'll address the various special pays later in our talk.

BAS is meant to offset costs for meals, and is in addition to your base pay.

BAH is an allowance to offset the cost of housing when you do not receive government-provided housing. Depending on where you live, it ranges from \$8,556 to \$33,072 per year for an un-married Captain. The average location is \$17,000.

What's with this "Tax Benefit"? Well, both BAS and BAH are exempt from federal and state taxes, and excluded from social security taxes. The added benefit for this salary would be approximately 6.3K. The more you make, the larger the tax break.

This is not even include the fact that you do not have to pay state income tax if you are stationed outside the state.

| Cost of Civilian Residencies* | | | |
|---|----------------|-----------------|-----------------|
| RESIDENCY | TUITION | STIPEND | "SALARY" |
| Dental Public Health | \$7,553 | \$26,306 | \$18,753 |
| Endodontics | \$14,073 | \$16,013 | \$1,940 |
| OMFS | \$3,883 | \$36,285 | \$32,402 |
| Oral & Maxillofacial Pathology | \$7,848 | \$18,774 | \$10,926 |
| Orthodontics | \$15,971 | \$14,347 | \$-1,624 |
| Pediatric Dentistry | \$6,575 | \$33,155 | \$26,580 |
| Periodontics | \$13,014 | \$16,622 | \$3,608 |
| Prosthodontics | \$11,916 | \$20,232 | \$8,316 |
| O-3 with 3 years in service** | \$0.00 | \$87,060 | \$87,060 |
| * ADEA 2005 ** Base Pay \$48,341; BAS \$2313; BAH \$19,548; "Tax Benefit" \$3858; VSP \$7000; DASP \$6000 = \$87,060 | | | |

This chart lists tuition and stipend for traditional specialists. The differences in salaries are even more pronounced between military and civilian programs. In fact, you would need to get another loan to attend most of these programs. Note orthodontic residencies. The average tuition is more than the stipend. Many civilian residents moonlight in their senior year. Moonlighting adds to the resident's income, but additional time is spent away from families or hobbies.

It can easily be seen how residency training in the Army has financial benefits.